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The American Republics

CONSULTATIVE MEETING OF FOREIGN MINISTERS OF THE AMERICAN REPUBLICS

Statement by Under Secretary Welles¹

[Released to the press October 11]

The meeting in Panama of the Foreign Ministers of the American Republics was notable above all else because it demonstrated in a moment of grave world emergency the genuine and strong understanding and solidarity which exist between the American republics. It revealed how closely we have come together in policy and in purpose.

The meeting was noteworthy, secondly, because it gave practical proof of the efficiency of the machinery set up by the inter-American agreements of Buenos Aires and of Lima which provided for rapid consultation between all of the American governments in the event that there existed any emergency which involved a potential menace to the peace of the Western Hemisphere.

Thirdly, the meeting was of outstanding importance because of the nature of the agreements there reached.

In my opinion the most significant of these agreements are the following:

First, the Resolution on Economic Cooperation which establishes an Inter-American Financial and Economic Advisory Committee, composed of experts designated by each American republic, which will be installed in Washington not later than November 15 next. This committee will undertake to determine and to

recommend to the several American governments the measures which may, in view of the situation created by the war in Europe, best protect inter-American commercial and financial relations against the immediate difficulties arising out of the war and increase and strengthen them permanently on lines of mutual benefit. These are tasks to be carried out week by week, month by month, through agreements and arrangements that will develop from new conditions and from continuing consideration.

Second, the Joint Declaration of Continental Solidarity.

Third, the General Declaration of Neutrality of the American Republics in which the latter, in their individual and sovereign capacities, reaffirm their general neutrality and set forth standards of conduct to be followed in their status as neutral powers. The importance of this declaration of neutrality can hardly be over-emphasized. It represents the agreement of 21 sovereign countries upon a series of neutrality measures which they may severally enforce, in accordance with the established principles of international law, through their respective internal legislation. This declaration will prove to be of the utmost practical value in preserving the peace and neutrality of the American nations. It represents, in my judgment, a wise, fair basis for the policy of each of us. The standards so set forth can of course always be supplemented or amended as new developments may arise

¹Delivered in New York City upon his return from Panama as United States delegate to the Meeting, October 11, 1939.

and as a consequence of the recommendations of the Committee of Experts constituted by the same declaration and which committee will continue in session throughout the duration of the present war.

Fourth and finally, the Declaration of Panama.

The Declaration of Panama is based upon two simple principles. First, the assertion of the 21 American nations that, so long as they maintain their neutrality, a war in Europe in which they are not involved should not jeopardize their right to self-protection nor interfere with or destroy normal relations between the American republics; and, second, that consequently the belligerent activities undertaken by the European powers participating in such war should not take place within those waters adjacent to the American Continent which embrace normal inter-American maritime communications. General respect for these principles will mean that the lives and the vital interests of the nationals of the American republics will be to a great extent insured, and the preservation of peace in the Western Hemisphere will be materially safeguarded.

As stipulated in the second article of the Declaration of Panama, the governments of the American republics will endeavor, through joint representations, to secure the acquiescence of the belligerents in these principles. It is obvious that many highly complicated and technical questions will present themselves which will have to be fully considered and determined in the course of the discussions with the belligerents. It is equally clear that these discussions may continue over a considerable period of time.

Beyond this agreement for joint representations the Declaration provides solely that the

American governments will, whenever they consider it necessary, consult together to determine upon measures which they may individually or collectively undertake in order to secure the observance of the provisions of the Declaration.

It will be noted that the provisions contained in the fourth article of the Declaration, which provides that the American republics, in the circumstances set forth, may patrol "either individually or collectively, as may be agreed upon by common consent" the waters adjacent to their coasts within the area defined in the Declaration, provide for nothing more than the kind of patrol which the Government of the United States and several other American governments have already undertaken. The purpose of the patrol proposed is to enable the governments of the American nations to obtain the fullest information possible with regard to what is going on within the restricted area. It must be apparent that in times such as these it is of the utmost importance in the interest of the preservation of the neutrality of this hemisphere that each American nation have the fullest possible advice as to the activities undertaken within the waters near its coasts.

The agreements I have cited above constitute in my opinion the more important of those reached, although I believe that every one of the agreements arrived at in Panama is of the highest significance and of the greatest value in promoting the best interests of the republics of the New World. Every agreement arrived at in Panama represents the considered will of every American government, and every American government rendered its individual contribution to the agreements there adopted.

CONFERENCE ON INTER-AMERICAN RELATIONS IN THE FIELD OF ART

Cultural Relations and Government

Address by Assistant Secretary Berle²

[Released to the press October 11]

Let me extend to you the welcome of the Department of State on the occasion of this Conference on Inter-American Relations in the Field of Art. Let me also offer my thanks for your courtesy in coming, and for the help which I know you will give us all.

Particularly in times of stress, it is easy to lose sight of the fact that the chief end of government is to permit men to realize the best of their possibilities, economically, artistically, and spiritually. Yet this fundamental objective is as true in carrying on international affairs as in the field of domestic government. To the extent that we can liberate the human mind and achieve the great contributions to civilization, we have succeeded in our ultimate task.

Certain it is that however distinctive art may be, it is enriched by that process of cross-fertilization made possible when the artistic achievements of many nations are appreciated and known by their neighbors. Among the American republics there are represented many of the greatest artistic traditions of the Old World, augmented by contributions from the New. It is well that we seek greater understanding among the inter-American group for the particular and outstanding contributions of each member of the group.

This conference offers an opportunity to the Department of State, through its Division of Cultural Relations, to outline its own program, to exchange views regarding intellectual co-

operation in the field of art, and to ascertain more clearly the vistas which are open to international relations by this, a newer and I think most significant area of endeavor.

The decision to establish a Division of Cultural Relations in the Department of State was the result of the most careful thought. It represents a considerable departure from the traditional practice of government. Artistic and intellectual activities in this country have been traditionally the province of the private organizations and institutions, and so far as the United States is concerned, this is the wisest plan, which no one even thinks of disturbing. Yet, in the process of international exchange of ideas, an agency of government which may assist and in some measure coordinate endeavors can be of great value. To meet this need, the Division of Cultural Relations was created on July 28, 1938. Its design was to offer cooperation of the Government, through its official agencies, though within the limitations which obviously are imposed in the official handling of international affairs. It is the view of the Department that in this country the initiative for cultural exchange properly resides with private agencies. Accordingly, the major function of the Division is to make the good offices of the Government available to such private enterprises.

With this thought, an invitation has been extended to you to meet today to discuss a number of problems relating to our cultural relations with the other American republics in the important field of art. Perhaps we do not here appeal to patriotism. The advantages involved in the increase of artistic interchange are so plain that such an appeal is unnecessary.

² Address delivered on October 11, 1939, opening the Conference on Inter-American Relations in the Field of Art, held under the auspices of the Department of State, Oct. 11-12, 1939.

The principal advantage, indeed, is the profit and joy which will come from an increase in the knowledge of all of our countries of the artistic work of our neighbors. Our own artistic culture is relatively unknown in the other republics of this hemisphere. With very few exceptions a similar observation may be made with reference to the knowledge in the United States of the rich and varied artistic expression of the peoples of Spanish and Portuguese America. You, of course, as professionals in this field, are keenly aware of the artistic treasures of the other American nations, but our people as a whole have had slight opportunity to make such an acquaintance. Certainly we owe it to our own citizens to increase their opportunity to learn the strength, the beauty, and the grace of the art of the rest of the Americas; and in practice this means making possible the free flow of artistic ideas, of information, of exhibitions, and reproductions between the American nations. By opening new channels of exchange, we shall increase the mutual appreciation for each other's civilization.

You will naturally be interested in ascertaining what the Government can do on behalf of such cultural interchange. The Division of Cultural Relations may be described briefly as essentially a clearing house, whose purpose is to cooperate in every practicable and appropriate way without limiting, trespassing on, or attempting to enter the legitimate field that corresponds to the private agencies. There are a number of very definite things which can be done.

There is, first of all, a need for coordination of the programs of organizations already working in this field. In a country as complex as our own, a great deal of overlapping results from the genuine desire to stimulate cultural relations. The Department is interested in every legitimate activity of this kind and is ready to aid to the limit of its capacity. The conferences held this autumn should bring together leaders in the various fields, whose ideas may guide us and to whom we

may save duplication of effort. We are hopeful that the Division of Cultural Relations may become an agency to which private organizations interested in international artistic exchange will turn for the type of aid which the Government can most helpfully extend.

The many private agencies in this country sometimes find difficulty in their contacts with the governments of the other American republics or with organizations in those countries which may be directly or indirectly dependent upon the Government. Here we may be of assistance.

Generally speaking, governments in these republics are more actively engaged in cultural activities than is our own Federal Government. Most of the universities, colleges, and training schools are under a Ministry of Public Instruction. The same is true of museums, academies, and conservatories. Establishment of relations with these organizations requires that contact be made through the governments concerned. In this the Department is in a position to perform a considerable service to the private interests of the United States. Through our diplomatic missions and consulates abroad, we are in constant touch with the activities of these countries; and all our representatives are eager to further American interests in cultural fields. The Department frequently instructs our missions to extend appropriate courtesies and facilities to outstanding American citizens visiting these countries for scholarly, artistic, or scientific purposes. By this means both private citizens and representatives of institutions find that they have at their disposal information and contacts of great assistance.

As I have emphasized the part that the Department can play in aiding private initiative in its relationship to other governments, you will perhaps be interested to learn of a specific case in which this cooperation was worked out.

Last December a small committee representing some 30 publishing houses of this country called at the Department to request our

cooperation in arranging for three book exhibitions in South America. The Department expressed the deepest interest in this venture and offered its facilities to overcome some of the obvious difficulties in transporting large collections to the three South American capitals. The publishers made available three collections of over 2,200 volumes each for display and donation to Argentina, Uruguay, and Brazil. The initiative in this case came from private sources. The publishers suggested their willingness to donate the books, cover the transportation costs, and send a representative to accompany the three expositions. Through the American diplomatic missions in each of the three capitals the most detailed arrangements were made for the local exhibition. The cooperation of the foreign governments was secured, the unobstructed entry of the books assured, representative committees formed, and publicity worked out. The widest possible reception was attained through the approach to the appropriate departments of each of the countries concerned. The reports received from the press, journals, and intellectual and official circles reflect the enthusiasm which these exhibitions aroused. At Buenos Aires over 1,000 persons a day viewed the exhibit. A lecture series was held to inform those attending of the trends in contemporary American thought and writing. In Rio de Janeiro, the popular interest was sufficient to warrant an extension of the exhibition at the conclusion of the 2-week period for which it was originally announced. The press in this case was most flattering in pointing out the significance of this gesture as a means of diffusing a knowledge of the intellectual achievement of the United States.

These indirect forms of cooperation constitute the principal service which the Department of State can offer. But in the exchange of art students and professors the Department may make an even more specific contribution. In the field of scholarships and professorships, the Government has been given the responsibility

of carrying out the Convention for the Promotion of Inter-American Cultural Relations signed at Buenos Aires in 1936. This convention provides for the annual exchange of two graduate students and one professor between the United States and each of the nine countries which have ratified to date. This Government is prepared to fulfill this obligation, as an appropriation of \$75,000 has been granted by Congress. This is the first time that the United States Government has offered an inducement of this kind for educational interchange. We are hopeful that the very best type of advanced student and professor in the various fields of activity will be attracted.

No restrictions have been placed on the field of work in which the student or professor may engage. It is to be hoped that these fellowships will attract outstanding people in art. I am sure that it would be a most significant opportunity to make available to the other American republics the services of outstanding American artists and art students, capable of diffusing an accurate knowledge of the artistic culture of this country. In like manner we shall profit immensely from the presence in our art centers and institutions of painters, sculptors, architects, and others from whom our own artistic world has already learned so much.

The Department is deeply appreciative of the sacrifice which your presence here today represents. I realize that you have taken time from your many occupations to come to Washington to discuss among yourselves and with the officers of the Department the challenging problems in the field of art as a vehicle of international cultural understanding. I am sure this meeting will be fruitful in results. I hope that it is the forerunner of many such conferences from which a cooperative effort may be made effective in promoting more intimate relations with the other American republics. So perhaps we may make of this conference a symbol of our faith that the interests of peace transcend those of war; and that at long last government must come to the artist, the poet, the philosopher, to find its ultimate values.

Proceedings of the Conference

[Released to the press October 11]

In a brief message of welcome to distinguished leaders in the field of art attending the Conference on Inter-American Relations in the Field of Art, Secretary Hull today pledged that the Department of State would redouble its efforts in facilitating the activities of those concerned with strengthening the friendship between the peoples of the Western Hemisphere through cultural interchange.

The Secretary expressed his appreciation for the interest shown in the Conference by the large number in attendance. He emphasized the significance of art in bringing about greater understanding between the people of the United States and those of the other American republics. Pointing out that the relations between this country and its neighbors to the south were never more friendly than at present, the Secretary stated that the contribution which could be made through cultural channels to an even greater degree of friendship was immeasurable. "Yours," Mr. Hull declared, "is the opportunity for vast and far-reaching service to our people and to our neighbors. I am confident," he continued, "that from these discussions will evolve methods of bringing our peoples more closely together."

Agreeing that the future of contemporary art is in the Western Hemisphere, museum directors, artists, and art critics attending the Conference on Inter-American Relations in the Field of Art agreed to facilitate in every way the exchange of exhibitions between the United States and the Latin-American countries.

Museum directors explained details of several forthcoming exhibitions of Latin-American art. Among these will be one to be held next March at the Museum of Modern Art in New York. Mr. John E. Abbott, Executive Vice President of the Museum, told the Conference that the exhibit would include a comprehensive range of Pre-Columbian, Colonial, Modern, and Popular Art from Mexico.

Roland J. McKinney, Director of the Los Angeles Museum of Art, told the Conference of the pan-American exhibit which is being assembled for exhibition sometime next year. This will include art from all the other American republics.

Those attending the Conference also discussed the type of exhibit to be sent to Latin-American countries from the United States. Francis Henry Taylor, Director of the Worcester (Mass.) Art Museum, told the Conference that what South American countries wanted to see was industrial and folk art related to the cultural history of the United States. It would be a mistake, he said, to bring the products of the American ivory tower to the other American republics at this time.

René d'Harnoncourt, Executive Secretary, Arts and Crafts Board, Office of Indian Affairs, Department of the Interior, was also in agreement with this point of view, stressing the importance of art which was representative of the human scene. "There is a great interest in Latin America in the art of the American Indian," d'Harnoncourt said, urging that an exhibit of American Indian art be assembled for Latin America.

Miss Ruth Reeves, textile designer and former head of the Work Projects Administration Index of American Design, stressed the importance of bringing Latin-American exhibitions to trade unions and other workers groups in this country. She said also that manufacturers were intensely interested in designs from Latin America.

L. B. Houff, Jr., of the American Federation of Arts, promised the full cooperation of the Federation in arranging the exchange of exhibits.

The Honorable Robert Woods Bliss, who was to preside at the afternoon session, was unable to be present because of illness. Mr. William Milliken, Director of the Cleveland Museum, presided in his place.

Among the distinguished speakers who talked briefly this afternoon was Malvina Hoffman, American sculptress and world traveler.

[Released to the press October 11]

Speakers at the Conference on Inter-American Relations in the Field of Art today pointed out that the art of Latin America has been almost entirely ignored in the United States, and that if there is to be a real cultural understanding of the countries to the south of us, there must be a great increase in traveling exhibitions, exchange professorships, and similar means of study and appreciation.

Following Mr. Berle's address of welcome, in which he stressed the contribution the Conference would make in the establishment of effective cultural interchange, two speakers were heard on the subject of the importance of more complete representation of Latin-American art of every period in this country. Mrs. Concha Romero James, of the Pan American Union, described the extraordinary and far-reaching effect the revolutionary art of Mexico has had on all of the other American republics. She stressed that the visual art of the great Mexican painters of the present period has been a source of enlightenment and understanding to the mass of the people. Mrs. James was followed by Dr. W. R. Valentiner, Director of the Detroit Institute of Arts.

Dr. Frans Bloom, of Tulane University, where there is one of the most important collections of pre-colonial art from Latin America, spoke of the importance of traveling exhibitions which would reach not only museums but also public schools, clubs, and workers' organizations. This was stressed, too, by Mr. René d'Harnoncourt, Executive Secretary, Arts and Crafts Board, Office of Indian Affairs, Department of the Interior, who pointed out particularly that the whole field of post-colonial art of Latin America is almost entirely ignored in the United States. There can be no understanding of Latin America, Mr. d'Harnoncourt said, unless some effort is made to appreciate this very important phase of Latin-American culture.

[Released to the press October 12]

Speakers at the third session of the Conference on Inter-American Relations in the Field of Art today discussed opportunities for student, professor, and artist exchanges existing between the 21 American republics.

Edward W. Bruce, Chief of the Section of Fine Arts, Public Buildings Administration, presided. He pointed out that with so many important European museums closed, opportunities for closer inter-American cultural relations are practically unlimited. He then introduced Dr. Walter W. S. Cook, Director of the Institute of Fine Arts, New York University, who led the discussion.

Mr. Richard Pattee, of the Division of Cultural Relations, Department of State, outlined the provisions of the Convention for the Promotion of Inter-American Cultural Relations, approved at Buenos Aires in December 1936, pointing out that the Department was working in collaboration with the Office of Education of the Federal Security Agency and with the Advisory Committee to the Division, which includes persons of long experience in the exchange field. Mr. Pattee brought to the attention of the Conference the fact that \$75,000 has been appropriated by Congress for the carrying out of this exchange program and that panels of students and lists of available professors are now being drawn up for presentation to the ratifying countries.

Representatives of American college and university art departments taking part in the discussion expressed the hope that in the total group of students or teachers and professors who will be sent to each of the ratifying republics, artists, art historians, and research workers should have ample representation.

Prof. Paul J. Sachs, of the Fogg Museum, Harvard University, suggested that funds that might be available for transportation of old masters from American collections to Latin America might more profitably be applied to sending fellows in the art field.

The next speaker, Prof. Charles R. Morey, of Princeton University, pointed out that the leading universities in the United States had

developed comprehensive facilities for the systematic study of the history of art. Most of these departments of fine arts have been strengthened in recent years by additions of European scholars, he said. Professor Morey expressed the opinion that facilities for studies in this field are the most significant contribution which can be offered in the United States to students coming from the other American republics.

Professor Morey pointed out that owing to the present contingencies in Europe, American students and scholars are turning to the resources available in the Western Hemisphere. It was pointed out that European students are coming to the Americas in increasing numbers.

Referring to the previous discussion of exchange exhibitions, Clarence Ward, professor at Oberlin College, suggested that exhibitions might be of secondary importance to the gaining of first-hand knowledge by exchange students and professors. The cultural scope of the visiting artist would be expanded if he were not too limited by specific tasks, he said.

Among the other distinguished speakers who took part in the discussion were Dean Everett V. Meeks, School of Fine Arts, Yale University; Paul Manship, President of the National Sculpture Society; Theodore Sizer, Assistant Director and Curator of Paintings, Yale University; Laurence Schmeckebier, Chairman, Fine Arts Department, University of Minnesota; and Mortimer Borne, Chairman of the Committee for the Interchange of Artists between the Americas.

[Released to the press October 12]

At its final session, the Conference on Inter-American Relations in the Field of Art today considered the specific recommendations presented by its Findings Committee. These included the formation of a Continuation Committee which will digest and analyze the stenographic report of the proceedings for transmission to the members of the Conference.

The committee was impressed, it was stated, with the wealth of ideas and suggestions which had been offered during the discussions of the

Conference. It recognized, however, that insufficient time was available before the end of the Conference to give to the proposals and projects advanced by various speakers the careful consideration so clearly merited. It was also believed that these proposals and projects should be studied not only by members of the Findings Committee but by the entire membership of the Conference.

It was indicated that suggestions on cooperation in the whole art field should be presented to the Continuation Committee. The Continuation Committee will also act in collaboration with similar art groups in the other Americas. The Honorable Robert Woods Bliss, former Ambassador to the Argentine Republic, was named Chairman of the Continuation Committee.

Mr. Bliss was instructed to name to the Continuation Committee representatives of artists organizations, museum representatives, educators, architects, representatives of industrial arts, motion pictures, still photography, radio, and representatives of general art organizations. The committee will function in consultation with the Division of Cultural Relations in the Department of State. Members of the Conference will be drawn upon in the future to assist in mapping specific projects in this field.

Bringing the Conference to a close, Mr. Charles A. Thomson, Assistant Chief of the Division of Cultural Relations thanked the membership of the Conference in behalf of the Secretary of State for the interest and instructive contribution they had made to the whole program of more effective cultural interchange among the American countries. He pointed out that such interchange would mean most if it were developed on the broadest possible basis between people and people and not merely between governments.

Mr. Thomson indicated that it was the hope of the Department that it might act as a clearing house of information and an agency to facilitate in every appropriate way projects growing out of private initiative.

TENTH ANNIVERSARY OF PAN AMERICAN-GRACE AIRWAYS SERVICE TO ARGENTINA

[Released to the press October 12]

In commemoration of the tenth anniversary (October 12) of the establishment by Pan American-Grace Airways (Panagra) of direct airmail and transport service between the United States and Argentina, the President addressed a personal letter of greeting to President Ortiz of Argentina. This letter, borne by air in approximately one-half the time required when the service was established 10 years ago, was delivered to President Ortiz by the Honorable Norman Armour, American Ambassador to Argentina, on October 9. Ambassador Armour was accompanied by the president of the Pan American Argentina, the Argentine representatives of the Pan American-Grace Airways, and by a Panagra pilot.

In his letter the President referred to the amazing development of civil aviation during the past 10 years, pointing to the fact that it now takes only half the time to fly to Buenos Aires compared with 10 years ago and stated that he anticipated that the future would bring still further advancements in the speed, capacity, and general reliability of civil aircraft. The President expressed his keen personal satisfaction that this service is rendered possible and is being constantly improved by the continuing cooperation between citizens of Argentina and the United States.

Airmail between the United States and Argentina has increased nearly 1,600 percent since the service was first started by Pan American-Grace Airways. At its initiation less than 80 pounds of mail per month were carried, while today approximately 1,350 pounds a month are transported by the west-coast service of Pan American-Grace and over Pan American Airways' east-coast route, extended to Buenos Aires in November 1931.

The text of President Roosevelt's letter to President Ortiz follows:

"OCTOBER 6, 1939.

"MY DEAR MR. PRESIDENT:

"It is a sincere pleasure for me on this tenth anniversary of the establishment of direct air service between Argentina and the United States to send to Your Excellency by air mail a cordial message of greetings and good wishes.

"Few of the boldest visionaries of 1929 could have foretold the amazing developments that the immediately ensuing years were to witness in civil aviation. The pioneer craft which carried the mails to Buenos Aires a decade ago have been replaced by great multi-motored planes which today, following the same route, cover the distance in five days, or half the original time. Considering this progress, I anticipate that the future will bring still further advancements in the speed, capacity and general reliability of civil aircraft.

"The important role that reliable air services play in the relations between peoples has been clearly demonstrated by the achievements of the past decade. I am confident that the rapid intercourse made possible by direct air service to Argentina has already made a substantial contribution to a better understanding and friendship between the two nations, and it is a source of keen personal satisfaction to me to know that this service is rendered possible, and is being constantly improved, by the continuing effective cooperation between citizens of Argentina and the United States."

[Released to the press October 12]

The Department of State made public October 12 the text of a letter addressed by President Roosevelt to President Ortiz of Argentina in commemoration of the tenth anniversary on October 12 of the establishment by Pan American-Grace Airways (Panagra) of direct airmail and transport service between the United States and Argentina. The following is the text in translation of the reply addressed to

President Roosevelt by President Ortiz, which is being forwarded from Buenos Aires to Washington by airmail:

"OCTOBER 11, 1939.

"MY DEAR MR. PRESIDENT:

"I take pleasure in acknowledging the receipt of the letter addressed to me by Your Excellency on the occasion of the tenth anniversary of the direct air service between the United States and Argentina.

"On such a happy occasion, it is a great satisfaction for me to pay homage to the marvelous progress achieved by the civil aviation of the United States which, in bringing our two countries closer together, has made possible the contact of their peoples and the exchange of their mutual interests and culture.

"The results obtained thus far make it possible to foresee further progress in aerial communications between the two nations, and it makes me happy to think that this shall be for the good of peace and labor which constitute our common ideal.

"The easy and rapid contact assured by the line between the United States and Argentina, and the constant progress in which such a valuable means of communication develops and improves through the exemplary effort of North American industry, will doubtless serve to strengthen the close and cordial friendship of the two republics and the earnest collaboration of their governments in the field of continental solidarity.

"I remain [etc.]

R. M. ORTIZ."

♦ ♦ ♦ ♦ ♦

THE PEOPLE'S MANDATE FOR PEACE

Remarks by Assistant Secretary Berle ¹

[Released to the press October 12]

It gives me very great pleasure to greet the women from our sister American republics who are here as a part of the People's Mandate for Peace. At long last we are learning that peace depends on mutual understanding far more than on the arrangement of statesmen. These women who have come from their own countries in South America, in Central America, and in the Indies can teach us a great deal; and their journey here serves to increase that knowledge which all of the American family of nations must have of each other if our great western experiment is to succeed.

As all of you know, the great western contribution in international affairs has been the idea of the "cooperative peace." I am happy to remember this evening that it was the conception of a great Latin-American statesman, Simon Bolívar. In the western world we hope

to create and maintain lasting peace, not by universal empire or by balance of power, but rather by the free association of free nations, equal in the presence of each other and in the presence of civilization, yet so firmly bound by ties of friendship and understanding that all disputes can be settled by reason and justice instead of arms.

Underlying the conception of the "cooperative peace" is the idea that national and international affairs have for their object the fostering of the best of civilization: Art, commerce, better living conditions, improvement of culture. This is merely an expression of the desire of every individual the world over. The People's Mandate and the women who are here tonight have dedicated their efforts toward this end. As they travel through America, I am sure you will all be swift to welcome them; and I know that in doing so you will make friendships which will be fruitful through many coming years.

¹Delivered over the National Broadcasting Co., October 12, 1939.

Europe

RELATIONS BETWEEN SOVIET RUSSIA AND FINLAND

Expression by the United States of Hope for Peace

[Released to the press October 12]

The Government of the United States has expressed to the Government of the Union of Soviet Socialist Republics its earnest hope that nothing may occur that would be calcu-

lated to affect injuriously the peaceful relations between Soviet Russia and Finland.

This is a unilateral and entirely independent action of the United States Government.

♦ ♦ ♦ ♦ ♦

COMMENDATION OF VICE CONSUL WILLIAM R. MORTON FOR SERVICES IN POLAND

[Released to the press October 11]

The Secretary of State on October 9, 1939, instructed the American Legation at Bucharest, Rumania, to convey to Vice Consul William R. Morton the following commendation:

"You are commended for the loyal and courageous manner in which you have carried out your duties in difficult and dangerous circumstances. The resourcefulness and initiative which you have displayed in assisting American citizens to points of safety and the excellent judgment which you have shown in overcoming the difficulties which you have encountered are in accordance with the highest traditions of the Service."

Vice Consul Morton, after proceeding from Warsaw early in September to southeastern Poland, remained there to assist American citizens to places of safety and to check on the welfare and whereabouts of other American citizens in the region. He established an office in Zaleszczyki from which point he reported to the Department on September 19 that he assisted American refugees into Rumania.

On September 22, the Department of State informed the Embassy at Moscow that, accord-

ing to press reports, Mr. Morton was being detained by Soviet military forces at Zaleszczyki, where he was assisting in the evacuation of American citizens across the Polish-Rumanian frontier, and that Soviet armed forces had occupied the town and, in spite of Mr. Morton's repeated request to be permitted to enter Rumania, continued to detain him. The Embassy was instructed to impress upon the Soviet authorities the urgency of the matter and request that they inform the Embassy without delay regarding the welfare of Mr. Morton and the nature of the action which they were taking or had taken regarding him. The matter was taken up by Ambassador Steinhardt with the Soviet Foreign Office, following which the Vice Chief of Staff of the Army stated that instructions would immediately be issued to the Soviet commander at Zaleszczyki to release Mr. Morton and permit him to travel in Soviet territory. The Vice Chief of Staff advised the Foreign Office that the Polish frontier was absolutely closed by the Rumanians and that in consequence it would probably be preferable for Mr. Morton to proceed to Moscow.

On September 23, the Foreign Office at Moscow advised Ambassador Steinhardt that

the Soviet military authorities at the Polish-Rumanian frontier had been requested to assist Mr. Morton to enter Rumania. On September 25 the Foreign Office in Moscow reported to Ambassador Steinhardt that Vice Consul Morton was at Kamenetspodolsk and that he would be permitted to pass into Rumania at whatever Rumanian frontier point Rumanian authorities would grant entry.

On September 27, Ambassador Steinhardt reported that Mr. Morton was then in Kiev. Mr. Morton had said on the telephone that he was in good health. He stated that he had been accompanied by his Polish secretary, Albert Dzieduszycki, with whom he had traveled from Zaleszczyki in a Ford automobile.

On October 3, Mr. Morton informed the Embassy at Moscow by telephone that he hoped to be able to arrange to leave Kiev on October 4 by automobile for Tiraspol, at which point he would cross the frontier into Rumania.

On October 5, Mr. Morton informed the Embassy at Moscow that he was to leave Kiev that evening for Tiraspol by train.

On October 8, the American Legation at Bucharest reported that Vice Consul Morton and Mr. Dzieduszycki had arrived at Bucharest that morning.

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RETURN OF AMERICANS FROM EUROPE

[Released to the press October 12]

From sources that the Department considers reliable it learns that 6,182 passengers arrived in New York from Europe for the week ended October 6, 1939. For the week ended September 29, 1939, 6,149 passengers arrived at the same port. These numbers compare with an average of about 9,000 for each of the 2 preceding weeks and approximately 10,000⁴ and 12,000 for all Atlantic ports for the weeks ended September 1 and 7 respectively. These figures show a distinct falling off in the num-

⁴Includes Canadian ports,

ber of American citizens returning home and, therefore, would seem to indicate that the great majority of American citizens in Europe who required transportation have been taken care of.

The S. S. *Acadia* left Cobh October 11 with only 520 passengers, although she has a maximum capacity of 860.

The *St. John* will sail from England the fourteenth and is now waiting in hopes of obtaining a full booking.

These facts confirm the Department's information that each American citizen in belligerent countries desiring to come back has had an opportunity to return to the United States.

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PRESENTATION OF LETTERS OF CREDENCE BY THE MINISTER OF SWITZERLAND

[Released to the press October 10]

Translation of remarks of the newly appointed Minister of Switzerland, Mr. Karl Bruggmann, upon the occasion of the presentation of his letters of credence:

MR. PRESIDENT:

In delivering to Your Excellency the letters whereby the Federal Council accredits me as Envoy Extraordinary and Minister Plenipotentiary to the United States of America, I have the honor to express to you, in the name of the Swiss Government, the most sincere good wishes for your personal well-being and for the prosperity of your great country.

I am happy to be charged with the task of enlarging the relations of Switzerland with the United States and of rendering ever closer and firmer the bonds of friendship which happily exist between the two Republics, and I wish to assure you, Mr. President, that I shall devote all my efforts to these ends. The sympathy which the United States has always manifested toward my country and the understanding which the latter has always found here, of its special problems, constitute a precious promise for the future.

This sympathy and this understanding encourage me to hope for the indispensable support of Your Excellency and the kind cooperation of the Government of the United States in the accomplishment of my mission.

President Roosevelt's Reply to Mr. Karl Bruggmann:

MR. MINISTER:

I am happy to accept from your hands the letters by which the Federal Council accredits you as Envoy Extraordinary and Minister Plenipotentiary of the Swiss Confederation to the United States.

I accept also the letters of recall of Mr. Marc Peter, your distinguished predecessor, who during a residence of over 19 years in Washington has contributed much to the long tradition of confidence and esteem that has always characterized the relations between our two Republics.

We in the United States are deeply conscious of the steadfast courage with which the Swiss people have defended the democratic

institutions and ideals that are common to both our peoples, and you may be assured that I fully share your aspiration to make even stronger the bonds of friendship that unite us. It gives me great pleasure to welcome you to Washington and I hope that you will have a pleasant sojourn here.

I shall be grateful if you will convey to President Etter and the Swiss Federal Council my personal greetings and the sincere best wishes of the American people for the continued prosperity and well-being of the people of Switzerland.

CONVENTION WITH FINLAND REGULATING EXEMPTION FROM MILITARY OBLIGATIONS

An announcement to the press regarding the proclamation by the President of the Convention between the United States and Finland Regulating Exemption from Military Obligations, appears in this *Bulletin* in the section "Treaty Information."

Commercial Policy

NEW PROBLEMS IN OUR COMMERCIAL AND FINANCIAL RELATIONS WITH OTHER NATIONS

Address by the Secretary of State *

[Released to the press October 11]

Less than a year ago, when I had the pleasure of addressing the last National Foreign Trade Convention, the minds of all of us were preoccupied with the ominous increase of tension among nations in several parts of the earth, which was fast darkening the world horizon. We were all acutely conscious of the imperative need of doing everything possible

to decrease international tension and to strengthen the forces of peace.

Unfortunately, these efforts failed. For nearly 6 weeks now, the red flames of war have been raging in the heart of the European Continent. No one can tell how much of what mankind holds most precious will be destroyed before the conflagration subsides nor what remnants of foundations upon which to rebuild civilization and progress will remain.

*Delivered at the Twenty-sixth National Foreign Trade Convention, New York City, October 10, 1939.

In this new situation, our first and most sacred task is to keep our country secure and at peace. Toward the accomplishment of that task, our Government is devoting every ounce of energy and vigilance. We are happy that the other American republics are equally determined, together with us, to ward off war from the shores of the Western Hemisphere.

It is my firm belief that we will succeed in this endeavor and that our nations will not be engulfed in the catastrophe of war. Yet, even though we remain at peace, we cannot escape the far-reaching consequences of a widespread major war.

Within the lifetime of most of us, a great war was fought. Its fearful effects and repercussions are indelibly impressed upon our memories. Its disastrous aftermath is still before us in sharp relief.

We have witnessed the stupendous difficulties involved in restoring the order of peace out of the chaos of war and the price which mankind must pay for failure to give proper direction to efforts of reconstruction after a period of protracted hostilities. The most striking feature of the 2 decades which elapsed between the outbreak of the present war in Europe and the termination of the last was the widespread and appalling disregard of those fundamentals in the relations among nations upon which alone the work of reconstruction could successfully be carried out.

In no phase of life was this failure to recognize fundamental conditions and requirements more pronounced than in the field of international economic relations. Only through vigorous and healthy trade was it possible for the nations of the world to utilize to the utmost the natural resources of our globe and the unceasing progress of modern science and technology for the purpose of making good the destruction wrought by the war and of laying the foundations for the future advancement of the human race. Instead, by entering upon the road of narrow nationalism, by building up a constantly extending network of trade restrictions, by forcing trade away from the channels of natural advantage, the nations of the world not

only failed to correct the profound maladjustments bequeathed by the war but created new and even more profound dislocations.

These maladjustments and dislocations were in large measure responsible for the unprecedented economic crisis which struck the world with the impact of a hurricane at the end of the 1920's. And even then, instead of reversing the direction of their policies, most nations merely intensified their suicidal movement toward narrow economic nationalism.

The inevitable consequence was that world production was held back, purchasing power within and among nations was impaired, and the human race was forced to subsist on a level of material welfare far below that which was practicable and feasible on the basis of an intelligent organization of international economic relations. Narrow economic nationalism contributed greatly, in recent years, to a weakening of social stability within nations and to a growing deterioration of morality in international relations. Out of these conditions sprang the roots of the present armed conflict.

As we now enter upon a new period of widespread war, to be followed, sooner or later, by a new period of reconstruction, we should constantly keep before us the lessons of the sad experience of the past quarter of a century. In the economic field, two sets of problems confront us today. The first involves the conduct of our commercial and general economic relations with other nations during the war itself. The second relates to the task of preparation for the reconstruction effort after the termination of hostilities.

In dealing with the first of these two sets of problems, it is necessary to distinguish between three areas: The belligerent nations; the neutral nations outside the Western Hemisphere; and the American nations. In each case, there are certain consequences which we have no choice but to accept and certain considerations which should guide our policy and action.

Our trade and general economic relations with the belligerents must, of necessity, be governed by two primary factors: The vital re-

quirements of our position as a neutral and the exigencies of the war situation. The first of these factors imposes upon us, as our wisest and safest course, nonparticipation in the conflict and an impartial attitude toward the two groups of antagonists. Such a course of true neutrality leaves us entirely free to trade in all commodities with both sides—within such limitations as may be legitimately introduced by the belligerents under the rules of war and within the further limitations of whatever measures we may wisely choose to adopt for the purpose of eliminating or reducing the risk of danger to our nationals, goods, and ships. The second factor has already caused—and will cause increasingly in the future—substantial changes in the direction and composition of our trade with the nations at war.

From the very outset of the present war, the belligerents have begun to subject their foreign trade to rigorous government controls, which have already far surpassed in comprehensiveness and thoroughness the regulations put into force during the earlier period of the last war. The drastic restriction by the belligerents of imports unessential to the prosecution of hostilities and their concentration on imports needed for war will place before our exporting industries serious problems of adjustment. Whether the net result of these factors will be an increase or a decrease of our total exports to Europe, no one can tell at this moment. Whatever the result, it will be determined by conditions over which we have little or no control.

Additional limitations on our export trade will, no doubt, arise if we decide to adopt, as a prudent national policy, a course of action under which our ships will be kept out of the zones of danger; under which no loans for belligerent governments will be permitted; and under which no commodities purchased by the belligerents will be permitted to be exported before title to them shall have been transferred to the foreign buyers. Here the decision is within our power. We can, if we so wish, abstain from these self-imposed restrictions; but if we do so, it must be with a clear realiza-

tion that we shall thus expose ourselves to the risk of dangerous incidents which will increase the possibility of our being drawn into the European conflict. The executive branch of the Government is convinced that such inconveniences or losses as may result from this voluntary curtailment of our freedom of action in trade relations constitute, from the viewpoint of the national interest, a worth-while sacrifice for the enhanced security of our Nation and for the greater certainty of our remaining at peace.

On the side of imports which we normally receive from what are now belligerent nations, the war will also impose upon us a certain amount of difficulty, resulting from war-time controls of trade. In this respect, our Government is prepared to do its utmost to remove or reduce unnecessary hardships for our business interests, whether growing out of measures of policing trade or out of undue price exactions.

As regards our trade with other neutral nations outside the Western Hemisphere, our endeavor will be to maintain it as nearly as possible on a normal basis. Here our greatest difficulties will arise out of various measures of control adopted by the belligerents as they affect certain neutral countries of Europe. And here again, it will be our policy to steer a balanced course between the greatest practicable protection of our commercial interests and the avoidance of imprudent risks.

In the Western Hemisphere, we are bound to our sister republics by close ties of inter-American friendship and solidarity. Not only are we all partners in the vital enterprise of keeping our 21 nations secure, but we share equally in a common determination to place our economic interrelations upon the soundest possible basis of mutual benefit.

The other 20 American republics are confronted, in varying degrees, with much the same problems of adjustment to the war in Europe as those with which our country is faced. In order to enable all of us, by concerted and cooperative action, to cushion, as much as possible, the impact of the extraordinary conditions imposed upon us by the Eu-

ropean war, our nations took an important step at the Panama conference toward creating the necessary machinery for this purpose. The Inter-American Financial and Economic Advisory Committee, which is to begin its functioning in Washington within a few weeks, is designed to furnish a means of discussion and action with respect to problems of trade, finance, and other phases of economic relations and activity which press for solution within and among our nations. The first meeting of representatives of the national treasuries, scheduled to meet in Guatemala next month in pursuance of an important decision adopted by the Lima Conference of last year, is another step in the same direction.

Some of the American countries face difficulties arising out of loss of European markets for some of their staple exports. Some are confronted with inability to receive normal imports from accustomed sources of supply. Some are face to face with financial or monetary problems of a pressing emergency character. We shall all benefit in proportion as our nations succeed, by cooperative effort, in easing or solving these problems and difficulties.

So far I have dealt with questions of government policy and action. That, of course, is only a part of the story. It is true, that under conditions of increased government control of trade and of economic life in general, which are characteristic of war-time periods, the significance of government action increases in proportion. But even so, in a country such as ours, private enterprise, represented by groups like the one here assembled, continues to be the mainspring of economic activity. In the difficult days which lie ahead, just as in more normal times, your initiative, your energy, your ingenuity, your understanding of the broad problems comprising the national interest, and your willingness to act on that understanding will be among the decisive factors in determining the degree to which we shall be able to maintain our national well-being in a world harassed by war.

So much for our immediate problems. We all know how difficult and how pressing they are. But in our search for their most effective solutions, let us not forget for one moment those broader and more far-reaching objectives which we must keep constantly before us, if the human race is not again to doom itself, all too soon, to reaping a whirlwind of its own sowing.

Wars come to an end, and with their ending begins the even more difficult work of reconstruction. If the sad story of the last 2 decades is not to repeat itself at the conclusion of the present war, there must be kept alive somewhere in the world a clear understanding of the failures of the recent past and of the dangers for the future if these failures are re-enacted.

I have already indicated that one of the most disastrous shortcomings of the period following the World War was the nature of the commercial policies pursued by the nations of the world. Fortunately, side by side with the forces which were pushing nations in the direction of increasing trade restriction and trade diversion, there were also operative in the world forces which were working in the opposite direction.

During the past 5 years, our country has taken a position of leadership in an effort to promote the material well-being of our Nation and of every nation through the establishment and strengthening of sound and healthy international economic relations. By inaugurating and vigorously implementing our reciprocal-trade-agreements program, we have sought to bring about an abandonment, throughout the world, of trade policies which had resulted in excessive restriction of commerce, in an artificial diversion of trade, and thus in acute economic distress. We have sought to place our commerce with the rest of the world upon a basis of reasonable regulation and nondiscriminatory treatment, in order to give business enterprise the greatest possible scope for profitable operation in foreign trade—to the advantage of business and to the benefit of the Nation as a whole.

Today, as a result of the war in Europe, some of the tendencies in the methods of trade regulation which we and other nations have sought to combat in recent years have become greatly intensified. That is an inescapable consequence of the war situation. But it does not mean that these disruptive tendencies must necessarily become permanently established in international commercial relations after the end of the war.

To believe that this would be likely to happen would be to abandon ourselves to hasty counsels of despair. The experience of the period immediately following the last war and, even more, the experience of recent years have demonstrated the destructive nature of such practices as embargoes, quotas, exchange controls, unreasonably high tariffs, and various other means of regimenting and forcing trade. These practices may have their place in time of war, when the central objective is the creation of the instrumentalities of armed force at no matter what sacrifice of human welfare. There is no place for them in time of peace, when the desired objective is the promotion of the well-being of individuals and of nations, for which a healthy functioning and expansion of international commerce is an indispensable prerequisite.

If, after the termination of this war, commercial policies characteristic of extreme economic nationalism should become dominant, then mankind would enter upon an indefinite period of alternating economic conflicts and armed warfare—until the best attainments of civilization and progress will have been destroyed. I cannot believe that this is the fate in store for the world. I, for one, hold fast to the conviction that, however grave have been the errors of the recent decades, however much suffering and destruction may lie ahead in the immediate future, there is, in all nations, sufficient strength of will and sufficient clarity of vision to enable mankind to profit by the costly lessons of the past and to build upon a sounder foundation than heretofore.

There is much that our country can do toward that end. We must retain unimpaired our firm belief that only through enduring

peace, based on international law and morality and founded upon sound international economic relations, can the human race continue to advance. We must cooperate to the greatest possible extent with our sister republics of the Americas and with all other nations to keep this conviction alive and to maintain the basic principles of international good faith, world order under law, and constructive economic effort.

In the economic field, the guiding lines of the policies which we should pursue are clear. Nothing that has happened has weakened in any way the validity of the basic ideas which have underlain our commercial policy in recent years. The type of international economic relations which we have sought to establish through our reciprocal trade agreements has been amply proven by experience to be the only effective means of enabling the process of international trade to perform fully its function as a powerful instrument for the promotion of economic welfare and for the strengthening of the foundations of enduring peace.

For the immediate future, we must continue our efforts to maintain and expand our trade program, within such temporary limitations as may be dictated by the exigencies of war-time conditions. We are, in fact, engaged today in important trade-agreement negotiations notably with the American nations. We shall neglect no opportunity, wherever it may present itself, to expand the area of our negotiations. We must not be diverted from this essential purpose by the acts or utterances of those who, intentionally or unintentionally, seek to mislead the public mind into the belief that our efforts have been rendered powerless by the unhappy circumstances of today.

When the war is over, we must stand ready to redouble our efforts in the direction of economic progress. As the process of post-war reconstruction begins, the task of restoring international trade relations on a sound basis will be even more difficult than it has been heretofore. But it will be even more imperatively necessary if, after the setbacks and prostrations of recent decades, mankind is to resume its upward climb.

RELATION OF IMPORTS TO EXPORTS

Address by Assistant Secretary Grady *

[Released to the press October 10]

Just 10 years ago, at the sixteenth National Foreign Trade Convention in Baltimore, I spoke on the subject of imports, pointing out their importance in our foreign trade. This was just a short time before the passage of the Hawley-Smoot Tariff Act, which resulted in the loss of a large part of our foreign trade. I am unable to resist now the temptation to recall my words of warning of 10 years ago. I pointed out then that if we through high tariffs restricted our import trade, we would inevitably likewise restrict our exports. I said:

"Imports are the measure of our exports, and if we seriously curtail our imports we will as surely curtail our exports."

Three years later, our total trade, including both exports and imports, had shrunk in value to less than one-third of its former amount. It is true that the precipitous downward turn in business in the fall of 1929 preceded the Tariff Act of 1930. But it is clear now that the heavy loss of our foreign trade which followed and the severity and long duration of the depression were in no small part due to the restrictions imposed on imports at a time when the debtor countries, the largest purchasers of our exports, were especially in need of means for balancing their international accounts.

I also predicted that "when the large export industries come to realize the burden which high protectionism is placing on them, American public opinion on import restrictions may be fundamentally changed."

I pointed out in that connection the adverse effect of high tariffs on various branches of economic activity in this country and observed that such tariffs were resulting in demands by

agriculture for relief through McNary-Haugen legislation, by shipping for increased subsidies, and by mining for some sort of federal aid.

What I said 10 years ago has unhappily been borne out by developments since that time. I did not say then and I do not say now that reasonable tariff protection is not desirable or defensible, but I did say then and I repeat now that many of our economic ills can be traced directly to the excesses of protectionism. Excess protectionism is imposed upon the country by interests whose efforts to obtain special privileges, in their disregard for the general economic well-being, threaten the very foundations of our democracy.

There was never a time in the history of this country when we needed so much to understand and to work for the national interest as distinct from special interests. Our economic development and the preservation of our political liberties rest upon a widespread appreciation of what furthers the national interest and upon popular insistence that it receive always first and paramount consideration. Special interest groups cannot be allowed to dictate to government, whether their objectives be to secure handouts or privileges.

An appreciation of the importance of imports, visible and invisible, in our foreign-trade picture involves an understanding of national bookkeeping. Our debits and credits with the outside world must balance. Putting the matter in another way, foreign countries can buy our products only to the extent that they can acquire dollars to pay for them, and dollars for use in international purchases are acquired, as in the case of domestic purchases, through the sale in this country of products (including gold and silver) and services or by borrowing. Loans of course merely postpone for a time the ultimate necessity for payment in the form of commodities or services.

*Delivered before the importers group session of the Twenty-sixth National Foreign Trade Convention, New York City, October 10, 1939, and broadcast over station WMCA.

A clear, statistical picture of our economic and financial relations with the outside world during the course of each year is presented by the United States Department of Commerce in an annual publication under the title of "The Balance of International Payments of the United States."

This publication sets forth the items which result in net credits for us abroad and the items which result in net debits. The credit items cover those transactions which supply us with foreign exchange or, in other words, with money or means of payment in countries outside our borders; the debit items cover those transactions which supply foreign countries with dollars or means of payment in this country. For example, the export of merchandise results in a credit; the import of merchandise constitutes a debit; our net position in respect of these items is usually on the credit side, whereas, in respect of travel expenditures, our net position is on the debit side of the balance sheet; that is, the total amount of money spent by Americans in travel abroad is greater than the amount spent by foreigners traveling in this country.

I have here statistics on our balance of international payments for 1938. The items involved have been grouped as follows under two headings, net credits and net debits.

Balance of International Payments of the United States, 1938

(In millions of dollars)

Item	Net credits
Trade and service items:	
Merchandise.....	1,133
Merchandise adjustments.....	47
Interest and dividends.....	333
War-debt receipts.....	1
Miscellaneous services.....	131
Capital items:	
Long-term capital movements.....	23
Movement of short-term banking funds (net).....	295
Paper currency movements (net).....	15
Other transactions and residual.....	508
Total net credits.....	2,486
Item	Net debits
Trade and service items:	
Freight and shipping.....	42
Travel expenditures.....	357
Personal remittances.....	115

Balance of International Payments of the United States, 1938—Continued
(In millions of dollars)

Item	Net credits
Trade and service items—Continued.	
Institutional contributions.....	40
Government transactions.....	65
Gold and silver:	
Net gold imports.....	1,640
Silver imports.....	224
Capital items:	
Miscellaneous capital items (net).....	3
Total net debits.....	2,486

Our net credit on merchandise account in 1938 was \$1,333,000,000, and net gold imports were \$1,640,000,000. These are the two outstanding net items in the account. This suggests therefore that our excess of exports over imports is being paid for in the last analysis in gold. We have acquired since 1914 a supply of gold in excess of \$16,000,000,000, which is more than one-half the total monetary gold stocks of the world. This gold is being redeposited in the earth for safekeeping at Fort Knox, Kentucky.

I do not suppose that anyone is prepared to argue that this is good national policy even from the point of view of our foreign trade. It must be clear that unless our credits abroad are balanced by other means than gold shipments the prospect of healthy expansion in our export trade is negligible. For a time in the 1920's large foreign loans were offsetting debit items in our account with the world; and these loans, together with expenditures in travel abroad and immigrant remittances, other debit items, enabled us to enjoy a large export trade. At present, however, tourist expenditures and immigrant remittances are diminishing; and new loans to foreign countries are not being made, at least in any significant amount.

We can, I suppose, continue for a while to absorb the new gold production of the world and bury it back in the ground and hope that it will not prove a bombshell to explode in a frenzy of inflationary activity, but I don't think this is a very sensible way of getting our money for our exports, and it does not provide a prospect for healthy expansion of our trade.

Belligerent countries may mobilize their American securities for sale here and use the

resulting credits for their purchases here; their war credits thus mobilized may provide a sizeable debit item in our balance of payments for the time being, but this would be related to an emergency situation; its amount would be limited by the securities and like assets available for this use; it would not provide any real solution to the essential problem of finding sound debit items to balance the credit items on our international accounts.

This is the fundamental problem we meet in seeking ways to maintain our export trade on a sound and permanent basis and to allow it a healthy growth in the future. It must be clear that the solution of this problem rests upon the extent to which we are prepared to admit imports of merchandise.

But here we meet the crux of the difficulty—the pressure of various sorts that is constantly being exerted to impose new restrictions on imports. In many cases those bringing such pressure presume, apparently, that American producers can reserve the entire domestic market for themselves and continue to enjoy export markets as well. When difficulties are encountered in the maintenance of export sales, a solution is sought in proposals for export subsidies. Such proposals—not to mention many other objections to them—fail to offer any solution to the fundamental problem of making available to foreign countries American dollars with which to purchase American products. The only sound approach to the problem is from the point of view of our international balance of payments.

This is the approach on which the trade-agreements program is based. This program duly recognizes the importance of imports to the maintenance and expansion of our export markets and seeks to build up our foreign trade on a reciprocal basis.

Some opposition to the program is to be expected. An appreciation of the significance of foreign trade to the national economic well-being requires an understanding of economic problems as well as the ability to identify individual economic welfare with the economic welfare of the country as a whole, and this

requires some breadth of vision. It is discouraging, however, to observe that considerable opposition comes from certain domestic producers whose competition from imports is insignificant and whose prosperity is to a high degree dependent on the prosperity of the Nation as a whole. It is especially disheartening to observe certain industries which have a far greater real interest in the maintenance and development of export trade than in the restriction of import trade and which profess to favor the trade-agreements program, lend their support nevertheless to proposed legislation which, if passed, would have the effect of seriously impairing the program.

During the last session of Congress, following the completion of trade agreements in which concessions were obtained for one of our important export industries, the industry benefiting therefrom, or at least important sections of it, urged the enactment of certain "Buy American" legislation, which, if passed, would, in the opinion of experts, have seriously injured important sections of our trade. At the same time the same industry was sponsoring legislation to provide it with export bounties in the form of lower steamship rates.

One could expect that an industry of national scope, particularly one which is directly interested in export markets, would take a national point of view in its attitude toward the efforts being made to restore and expand our foreign trade. But when this point of view is suggested, the reply is made that the industry does not intend to be "sacrificed."

It is difficult to understand how a major national industry can profess so narrow and unenlightened an attitude. Even if its own export markets were less important to it, such an industry of national scope might be expected to realize that its welfare rests directly upon the national welfare and to take a national point of view on national policies such as our foreign trade policies. How can it be considered that it is asking "sacrifices" of any such industries to follow a policy for the benefit of the country as a whole. It might be expected that such industries would possess the

vision to see that the pursuit of such a policy would be in their own interest.

If our foreign trade is to be preserved in the interest of the national economy as a whole, all sections of that economy must take an active interest in our foreign-trade policy and not regard it, as has been so much the case in the past, as the concern principally of groups seeking special privilege, who, pursuing their purposes with short-sighted vision, would bring economic destruction to all. If it is our com-

mon desire to increase the employment of labor, to find markets for our agricultural surpluses, and to increase the sound and profitable opportunities of industry and shipping, we must look upon our tariff rates as affecting not only the interests directly involved but also all economic classes of our country. Tariffs are the means through which this country implements its commercial policy, and commercial policy, like every other national policy, is of vital interest to all of us.

General

PANAMA CANAL: NAVIGATION OF FOREIGN AIRCRAFT IN THE CANAL ZONE

[Released to the press October 10]

Applications for authorization for foreign aircraft to be navigated into, within, or through the Canal Zone Military Airspace Reservation¹ shall in each case be transmitted through the diplomatic mission of the country whose nationality the aircraft possesses to the Secretary of State for appropriate disposition. Such applications must contain the following data:

- (a) The name, nationality, and address of the owner and of the pilot of the aircraft
- (b) The make, model, and type of aircraft and information as to the registration thereof
- (c) The registration marks displayed on the aircraft
- (d) The names and nationalities of all persons aboard the aircraft, including passengers and crew
- (e) The itinerary of the flight
- (f) The purpose of the flight
- (g) The expected time of arrival and duration of the stop within the Canal Zone, and

- (h) A statement as to firearms and cameras, if any, to be carried.

NOTE: In case any persons on board the aircraft, including passengers and crew, are in any way connected, either directly or indirectly, with the civil, military, or naval services of any foreign nation, in addition to designating such persons by name and nationality, the application shall contain a statement showing their connection with such service.

Foreign aircraft for which authorization may be granted to fly into, within, or through the Canal Zone Military Airspace Reservation shall nevertheless not be so flown unless the following conditions are complied with for each flight of such aircraft:

(a) The term "flight" as used herein shall signify one or a number of aircraft under the command of or in responsible charge of a single person.

(b) Not over 12 aircraft shall be included in one flight.

(c) Prior to departure from the last point of landing before reaching the Canal Zone, the commander or the person in responsible charge of the flight shall notify the Governor of the Panama Canal, preferably by radio, of the

¹The entire Canal Zone was made a Military Airspace Reservation by Executive Order No. 8251, of September 12, 1939, which was printed in the *Federal Register*, Vol. 4, No. 177, September 14, 1939, pp. 3890-3901.

probable time of arrival and the cruising altitude and speed.

(d) The flight shall approach the Canal Zone following commercial air lanes to a rendezvous point, outside of the Canal Zone, designated by the Governor of the Panama Canal.

(e) On approaching the Canal Zone, the flight shall be met at the rendezvous by an official escort of aircraft from the Canal Zone and shall be escorted from the rendezvous point via a route prescribed by the escorting aircraft to a landing area in the Canal Zone. All such aircraft entering the Canal Zone Military Airspace Reservation shall land in the Canal Zone at the landing area designated by the Governor of the Panama Canal, and no aircraft shall pass through the said airspace reservation without so landing therein.

(f) Immediately after landing in the Canal Zone, the commander or the person in responsible charge of the flight shall report to the Aeronautical Inspector of the Panama Canal

for instructions, and shall observe the instructions received.

(g) A similar procedure with escort shall be required in leaving the Canal Zone.

(h) Without the authorization of the Governor of the Panama Canal, no arms, ammunition, or explosives, except small arms, shall be carried aboard such aircraft.

(i) All such aircraft shall have all cameras carried therein sealed before taking off from the last point of landing prior to arrival at the Canal Zone Military Airspace Reservation, and all such cameras must remain under seal while within the said reservation.

(j) Flights by aircraft within the Canal Zone Military Airspace Reservation will be subject to such detailed regulations as may be enforced by the Governor of the Panama Canal, and while within the said airspace reservation all aircraft shall be navigated in conformity with instructions or authorization of the Governor.

Foreign Service of the United States

THE ASSISTANCE RENDERED BY GOVERNMENT IN THE PROMOTION AND PROTECTION OF AMERICAN FOREIGN TRADE

Address by Assistant Secretary Messersmith *

[Released to the press October 11]

The assistance rendered by Government in the promotion and protection of American foreign trade is a part of the general program of our Government for the promotion and protection of the interests of our citizens at home and abroad—a fundamental purpose of government.

While practically every department and agency now included in the organization of our

Government has some part to play in the promotion and protection of our domestic and foreign trade, it is the Departments of State, Commerce, and Agriculture which are primarily interested in the promotion of our foreign trade—which, gentlemen, is the field of your particular interest. As the first of these Departments to be organized under the Constitution, the Department of State has continuously, since the beginnings of our Government, played an important role in the promotion and protection of our foreign trade. Already before the adoption of the Constitu-

* Delivered at the closing session of the Twenty-sixth National Foreign Trade Convention, New York City, October 11, 1939.

tion we had sent out a number of consuls to important seaports in Europe and elsewhere, whose primary function was to look after the interests of American shipping, which already in those days had reached respectable proportions. We began to send out, with Franklin and Adams, ministers to represent us before foreign governments and to negotiate treaties for the protection and advancement of our trade. Although for a little over a century after this beginning our diplomatic and consular representatives were drawn very largely from political life, they had as a primary function, which they performed under the circumstances extraordinarily well, that of making reports on commercial and industrial and financial as well as on other aspects of the life at their posts of residence. This information was given only limited analysis and dissemination in this country, and we were so busy developing our own internal resources and building up various aspects of our national life that we had very little interest in foreign markets except for the disposal of a surplus of this or that product. Our foreign trade did not play a vital part in our national economy.

With the beginnings of the present century our interest in foreign markets became more intense as we had greater surpluses, principally agricultural, of which to dispose. Then came the rapid industrial development, which created surpluses in a new field—that of manufactured products. As an illustration of the change that has taken place in the character of our export trade since the beginning of the present century it is only necessary to point out that during the years 1896–1900 the average of agricultural exports from the United States comprised 66.2 percent of our total exports. This proportion of agricultural exports over the years has undergone a steady decrease until in 1936 they accounted for only 29.3 percent of our export trade. On the other hand, our exports of nonagricultural products, which in the years 1896 to 1900 averaged 33.8 percent of our total export trade, rose in 1936 to 70.7 percent of our total exports.

Our interest in foreign trade was first directed to the furtherance of our agricultural exports abroad, and the establishment of the Department of Agriculture in 1862 resulted in constructive studies in this field being made. In 1888 an act of Congress was passed requiring the submission by the consular officers of the United States of monthly reports for the use of the Department of Agriculture relative to the character, condition, and yields of agricultural crops abroad. This information was disseminated by the Secretary of Agriculture in the monthly crop reports of his Department.

The increasing importance of our industrial establishment at the beginning of the present century led to the creation of a department of the Government which had, among other functions, that of fostering our export trade in manufactured goods. This agency of the Government was created by the act of February 14, 1903, establishing the Department of Commerce and Labor. In 1912 the Bureau of Foreign and Domestic Commerce was created. In the field of foreign trade it is the specific responsibility of these Departments, that is, of Agriculture and Commerce, to keep informed of developments in trade and agriculture in other countries so that they may in turn inform our people where they may find favorable markets for our surplus products. It is their specific responsibility to maintain contact with producing interests in this country, to digest and disseminate information on foreign market conditions to interested circles in this country, and to collaborate in a program for the promotion of our domestic trade and of our exports.

The setting up of the Departments of Commerce and of Agriculture within our Government did not in any way lessen the functions of the Department of State in the promotion and in the protection of our foreign trade. The protection of our foreign trade and of the interests of our citizens abroad has always been a primary function vested solely in the Department of State under the Constitution and our statutes. It is a function which could not be

exercised by any other department of Government because it must be exercised by that department which is charged with the responsibility for the conduct of our relations with other states and with the formulation of policy. The protection of our foreign trade, therefore, and of our shipping and of our nationals, which involved the negotiation of treaties and agreements with other governments, remained a primary function of the Department of State and of its agents abroad. In 1914 the Department of Commerce was authorized by statute to collect, through commercial attachés abroad, information on industrial and commercial conditions to supplement that which the diplomatic and consular agents of the Department of State had been furnishing for over a century. In 1930 the Department of Agriculture was authorized by statute to assign a certain number of agricultural attachés to our diplomatic missions abroad whose duty it would be to provide information on agricultural conditions to supplement that which had been and was being furnished by our diplomatic and consular officers. This service of Commerce abroad was expanded quite rapidly; that of the Department of Agriculture was kept within very reasonable limits. As was entirely natural, there developed a tendency to increase the number of commercial attachés and trade commissioners at posts where our officers were already stationed and charged with the duty of furnishing the same material for the information of our Government and people. This development took place during a period when our interest in foreign trade was growing, under pressure of increasing production at home. It took place during a period of relatively free exchange of goods, when trade barriers, with the exception of tariffs, were at a minimum and when there was practically no control on foreign exchange and international payments.

In the desire of Government to aid business our Federal representation abroad was somewhat overdeveloped and overexpanded. In the very nature of things the Department of State had to maintain its diplomatic and consular establishments in foreign capitals and strategic

commercial centers. They were charged with functions in the conduct of our foreign relations and in the protection of our trade and nationals which could not be delegated to another department. These establishments, therefore, had to be maintained. Increasingly the agents of other departments of Government were being sent to the foreign field and functioning in the same posts where organizations of the Department of State had already long been in existence. The result was inevitably an overlapping of fields, a duplication of effort, a complicated approach to foreign governments, an embarrassment to foreign businessmen who received requests from agents of different departments of the Government for identical information, and a dissipation rather than a concentration of effort in behalf of our trade and nationals.

I have made no mention of the increasing cost which this unnecessarily complicated organization involved and that it was an organization in Government which business would not tolerate for itself.

Under the second Reorganization Plan submitted by the President to the Congress in the closing days of the last session it was proposed that the Foreign Services of the Departments of Commerce and of Agriculture should be merged with the Foreign Service of the Department of State and that the Department of State should be responsible, through its Foreign Service, for the work abroad. The fundamental purpose was, through the unification of the Services, to give Government and business a more effective instrument and organization in the foreign field. Although there were those even in informed business circles who viewed this change with some concern, it was recognized that the organization which the Government did have in the field was not in accord with good business practice and that in view of the conditions which Government and business had to meet in every part of the world it was necessary that the foreign arms should be strengthened through this unified approach. The protection of trade had become a major function of Government. Trade-promotion efforts remained important but they no longer

had the same effectiveness as in the decade preceding.

The changing character of the relationship between states and the introduction of new factors therein, and the changes within certain states in their economic, social, and political structure, have introduced new problems which have to be considered by Government and the private trader. While it is just as important today as it has been previously for our Government and for our business interests and for our farmers to be kept currently informed concerning developments in foreign markets, these reports in themselves no longer serve the purpose they once did. It is no longer only a question whether a purchaser, let us say, in France wishes to buy a certain product from us, or whether a seller here is prepared to ship that product to the customer in France. It is a question also whether the regulations of the French Government will permit this transaction to take place. It is no longer only tariff barriers which goods have to surmount, but it is the even more difficult barriers of trade restrictions, clearing agreements, quotas, and the like. It is no longer the simple problem whether A in New York can reach an agreement to sell B in Paris, but whether by agreements between the two countries a certain quantity of goods can pass over the barriers which have been erected. This involves the negotiation of agreements and treaties and of arrangements between governments which can be carried on only by the Department of State and its diplomatic and consular officers abroad. The individual trader finds himself utterly helpless without the assistance of Government. The whole field, therefore, in which Government can operate for the protection and assistance of American trade has undergone fundamental changes, and the part which Government has to play in the assistance given to business and agriculture has become necessarily very much greater. The machinery which served us for this purpose in the foreign field, and to a degree at home, had necessarily to be adapted to meet these new conditions, and it was to meet these that the

consolidation of the Foreign Services of our Government was planned. This, the trade-agreements program, and similar measures have been a part of that very earnest effort which Government has made to meet the new problems arising in our international relationships so that the interests of our trade and commerce may be adequately protected.

I will endeavor very briefly to set forth the organization and the machinery which Government has provided for the promotion and protection of our foreign trade under the setup which is in operation today. The Department of State in Washington, and through its Foreign Service, is primarily responsible for the protection of our interests abroad and for the negotiation of agreements and treaties in the protection and furtherance of those interests. In carrying out this work it is aided by its Foreign Service, which is composed of some 800 career officers stationed at some 314 establishments in capitals and strategic trading centers throughout the world. The Foreign Service, in addition to its many other duties, is charged with the sole responsibility of gathering all the information required by other agencies of our Government in the fields of commercial and agricultural markets.

On the other hand, the Department of Commerce remains primarily charged with the function in this country of promoting the internal and foreign trade, and this part of the work of that Department is centered in the Bureau of Foreign and Domestic Commerce, which is admirably organized into a series of commodity and technical divisions. In order to keep in touch with domestic markets and trade, the Bureau has district officers throughout the country, and in those important commercial centers in the country in which it has no district office it has close cooperative arrangements with Chambers of Commerce. The Department of Commerce, through the Bureau of Foreign and Domestic Commerce, is charged with the responsibility of analyzing and disseminating information on domestic and foreign markets.

The Department of Agriculture, through the

Office of Foreign Agricultural Relations, is charged with the function of maintaining direct liaison between the Government and the agricultural interests of the country and with the analysis and dissemination in the United States of information gathered abroad by the Foreign Service relating to foreign agricultural markets. It has agents in various parts of the country and cooperative arrangements with agricultural organizations.

The delimitation, therefore, is one which is simple and businesslike. It is the Department of State, as the agency of Government responsible for the conduct of our foreign relations, which is solely responsible for the work abroad and the Departments of Commerce and Agriculture which are solely responsible for the analysis and dissemination in this country of information received from abroad.

As of July 1, 1939, the separate Foreign Services of Commerce and Agriculture ceased to exist and were consolidated into the Foreign Service of the Department of State. The officers of the Foreign Services of Commerce and Agriculture have been incorporated into the Foreign Service of the Department of State and hold commissions as Foreign Service officers. This consolidation involves the disappearance abroad of the separate establishments which Commerce and Agriculture have maintained in foreign capitals and in some commercial centers and the physical incorporation and assimilation of their activities in the mission or in the consulate. I believe this should be hailed by business as a constructive step by Government. Up until 1924 the diplomatic and consular branches of our Government were entirely separate, and we maintained separate diplomatic and consular establishments in all capitals. Under the so-called Rogers Act of 1924 the diplomatic and consular services of the Department of State were united into one Foreign Service, and a program of physical consolidation of our consular and diplomatic establishments in capitals has been carried out. This step, which at the time was viewed with some concern by many interested in our foreign relations, has proved to be one

of the most constructive steps undertaken by our Government in its endeavors to improve the machinery for the conduct of our foreign relations in the interest of our citizens. The consolidation of the Foreign Services of Commerce and of Agriculture into the Foreign Service of the Department of State and the consolidation and assimilation of the separate establishments of Commerce and Agriculture in certain capitals and other cities under Reorganization Plan No. 2 is therefore only a further step in that program of effective organization of the instrumentalities of Government abroad on which we have been making constant progress.

Although the Foreign Services of Commerce and of Agriculture have therefore ceased to exist since July 1, 1939, and the former officers of these Departments in the foreign field are now officers of the Department of State, the actual incorporation of the separate offices of these Departments abroad is being carried on slowly and with care. There will have to be a certain period of transition. It is, of course, most important that the services to Government and to business should not suffer any interruption and the flow of reports needed by Government and business should continue, even in a war-torn world, and steps toward this end have already been taken in appropriate instructions to the Foreign Service establishments concerned.

This Government is, therefore, planning to set up in every capital a reporting unit as a part of its mission, which will be devoted to commercial, industrial, financial, and agricultural reporting. While this unit will be under the direct control and supervision of the ambassador or minister, just as are the other divisions or sections of the establishment of our Government in the capital, a Foreign Service officer of appropriate qualifications and rank will be designated as the officer in responsible charge of the reporting section. In view of the specialized experience of the commercial attachés in reporting on commercial and industrial problems and in meeting the needs of the Department of Commerce, it is the intention

of the Department of State to designate as the Foreign Service officer in charge of these reporting units officers who have heretofore been commercial attachés in the service of the Department of Commerce. At those diplomatic missions to which an agricultural attaché is assigned it will be the policy of the Department of State to entrust the supervision of the agricultural reporting to officers who have formerly served as attachés for the Department of Agriculture. To this section will be assigned those officers of the staff who have shown special competence in reporting lines. The reporting section in the capital will be charged not only with the reporting from the mission but with the supervision and coordination of the reporting of the consular establishments in other cities in the country. In order that these reporting sections may be set up in the most effective manner possible we have asked the chief of mission at every post, with the collaboration of the appropriate officers of his staff, to furnish us a report on the organization of his establishment as a whole and the proposed organization of the reporting section. These reports are now coming in, and it is our hope that within the course of several months more these organizations will be completed, and the amalgamation of the establishments in the field, as well as the amalgamation of the Services themselves, will be completed. As one who has been a servant of our Government in the field of the conduct of our foreign relations for a quarter of a century and as one who, as many of you here know, is very deeply interested in the protection and promotion of our foreign trade, I can give you the assurance that this program is being carried through on wise and on sound lines, and I have every confidence that when you make your next trip abroad and visit our establishments in capitals and in other strategic commercial centers you will find that the organization there existing for your service has been greatly strengthened and improved.

The Bureau of Foreign and Domestic Commerce in the Department of Commerce and the Office of Foreign Agricultural Relations in

the Department of Agriculture remain primarily responsible in this country for the liaison between Government and business and agriculture. These Departments in this country will remain primarily responsible for the direction of the commercial and agricultural reporting activities of the Foreign Service officers of the Department of State. It is these Departments which will prepare the instructions on which the reporting activities of the officers of State abroad are based and the instructions which these Departments will forward through the Department of State to its officers abroad will be based on the needs of our business and agricultural interests as determined by them. Through the consolidation of the Foreign Services and the establishment of these reporting units in our establishments abroad the facilities available to the Departments of Commerce and Agriculture in the foreign field and to our business and agricultural interests have been greatly strengthened. It may, I believe, be unhesitatingly stated that as a result of the consolidation in the Services and establishments abroad these Departments will be in a better position not only to have the information which is needed by Government but also that needed by the interests which the Government serves.

As the Departments of Commerce and Agriculture will remain primarily responsible for the analysis and dissemination of information on foreign markets and conditions in this country, reports on commercial, industrial, financial, and agricultural conditions abroad prepared by the Foreign Service establishments and officers of the Department of State will be forwarded to the Departments of Commerce and Agriculture for analysis and distribution. The actual work done in the field in the way of reports, world trade directory reports, trade opportunities, et cetera, will be augmented and the quality improved. Non-confidential reports will be transmitted from the foreign establishments of State directly to the Departments of Commerce and Agriculture. Information of a confidential character which cannot be given publicity will be fur-

nished to the appropriate departments for such guarded use as the public interest permits.

Inquiries therefore concerning conditions in foreign markets for the sale of American industrial products should as heretofore be directed to the Bureau of Foreign and Domestic Commerce of the Department of Commerce. In like manner inquiries concerning the standing of foreign firms and requests for lists of foreign buyers should also be directed as heretofore to the Bureau of Foreign and Domestic Commerce. Similarly the inquiries concerning foreign conditions affecting agricultural commodities and markets should initially be directed to the Office of Foreign Agricultural Relations of the Department of Agriculture. It is the belief of the Department of State that many inquiries can readily be answered by these Departments from information already submitted by the Foreign Service establishments abroad. In the event that the Departments of Agriculture and Commerce are unable to answer adequately the inquiries, appropriate instructions will be issued through the Department of State for reports from its Foreign Service establishments in the country or countries concerned.

You will be interested, I am sure, to know that the Departments of Commerce and of Agriculture are now engaged in the preparation of revised and up-to-date reporting schedules which will serve as the guide to the establishments of the Department of State in the field. There has been a tendency in the past to prescribe general reporting schedules applicable to all posts without sufficient regard to whether certain reports from certain posts have any value either to Government or to business. In order to increase the effectiveness of the reporting that is on a scheduled and regular basis the appropriate departments are now engaged in a careful study of every diplomatic and consular post so that instead of general instructions specific reporting schedules may be set up for every post in the Service. There is every reason to believe that through this very praiseworthy initiative the volume, as well as the quality, of the called-for

reporting from the field offices will be improved. The commodity divisions in the Department of Commerce and the Office of Foreign Agricultural Relations of the Department of Agriculture will be in a position, through their publications and through the service which they give, to increase their usefulness to business and to agriculture.

To improve the practical character of the reporting that will be performed for the Departments of Agriculture and Commerce by our Foreign Service establishments, a system is being elaborated in the Departments of Agriculture and Commerce of providing the Department of State with current comments from the commodity and technical divisions of those Departments based upon their experience and contacts with American business and agricultural interests as to the sufficiency of the reporting work being performed as well as concrete suggestions for the improvement of reports in order that they may meet in the most adequate fashion the needs of our business and agricultural interests.

It should be emphasized that through the changes effective under Reorganization Plan No. 2 there is merely a delimitation of functions and no change in functions. The Department of State has become responsible for the work in the foreign field and the Departments of Commerce and Agriculture are responsible for the analysis and dissemination of information in this country.

In order to strengthen the liaison between the Department of State and the Departments of Commerce and Agriculture it is provided under Reorganization Plan No. 2 that an officer of the Departments of Commerce and of Agriculture shall be stationed in the Department of State. In accordance with this provision, a former agricultural attaché and an officer of Commerce who has seen service in the field have been designated for this important function. They have been given a room in the Department of State in the Commercial Office, where they maintain close contact with the various division chiefs in the Department of State and have access to all the material coming into the Depart-

ment which could be of direct interest to the Departments of Commerce and Agriculture and to the respective interests which they serve. In this way and through the establishment of this liaison it will, I believe, be possible to make available to Commerce and Agriculture an even greater amount of material from the foreign field than before, and it is hoped with even greater expedition. The quality of the men who have been chosen for this liaison function speaks well for the intention of the Departments concerned.

While the Department of State is solely responsible for the collection of the information in the field and serves as the agent abroad for the Departments of Commerce and Agriculture, and while the State Department remains solely responsible for the administration of its Foreign Service, it has been deemed advisable to provide, in Reorganization Plan No. 2, that a ranking officer of the Departments of Commerce and of Agriculture should sit on the Board of Foreign Service Personnel of the Department of State, as well as on the Board of Examiners and on the School Board. It is the Board of Foreign Service Personnel which advises the President and the Secretary on the making of appointments and assignments to the various posts in the Foreign Service. It is therefore arranged that whenever any assignment shall be made of a commercial or an agricultural attaché the designated officer of Commerce and of Agriculture shall sit on the Board of Foreign Service Personnel in order to assure that the Board may have the advice, counsel, and cooperation of the appropriate Department in the making of assignments in which they are directly interested.

As hereafter admission to the single Foreign Service of the Department of State is under the statute controlling in this respect, it has been deemed advisable that an officer of Commerce and of Agriculture should sit on the Board of Examiners of the Foreign Service whenever candidates are considered for admission. This will insure that in receiving new men into the Service the requirements of Commerce and of Agriculture will be appropriately considered.

The Department of State conducts a school within the Department, known as the Foreign Service Officers' Training School. A ranking officer of Commerce and of Agriculture will sit as a member of the School Board. The existence of this school and its nature are only too little known to our business people. It is sufficient to say here that after a candidate for the Foreign Service has been admitted to the Service and has served a probationary period in the field he is brought back to the Department for attendance at the Foreign Service Officers' Training School. To this school are brought appropriate officers of practically every interested department and agency of our Government as instructors. The young men who have passed the gauntlet of the written and the oral and the physical examination and who have served from a year to 18 months in one of our establishments abroad are then subjected to close scrutiny in the school, where they come under the eye not only of officers of the Department of State but of these other agencies of our Government. It is only after they have passed through the school that they have completed their probationary period and are admitted as full-fledged Foreign Service officers. I think you will agree that there are few businesses and few professions in which the neophytes are obliged to pass such careful tests. Our business and agricultural interests in this country have no need to fear that the men who are being brought into the Foreign Service do not have the necessary qualifications to serve as representatives of our interests abroad.

Moreover, in addition to this preliminary training, because the demands upon our officers are becoming so complex and in some respects so technical, the Department of State is pursuing the training of Foreign Service officers to an advanced degree. It is therefore contemplated that Foreign Service officers shall be assigned to the Departments of Commerce and of Agriculture for periods of from 6 months to a year or more, just as it has been the practice heretofore to assign them to the Department of State. It is further planned that Foreign

Service officers may, when it is deemed desirable, be assigned to the district offices or cooperative offices of Commerce and of Agriculture throughout the country, so that they may become thoroughly familiar with conditions throughout the country as a whole. You are undoubtedly familiar with the fact that it has been the practice of the Department of State for some years, with the approval of the Congress, to send selected officers to some of the important graduate schools in the country, such as those at Harvard, Princeton, Chicago, et cetera, for postgraduate work. These young men undergo an extensive period of training in economic and financial studies and are then prepared to take up special work at posts where this field is of primary importance. It is an application of the same principle which the Department of State has followed for many years in training officers in the Oriental and Near Eastern languages. We intend further to carry on this training by sending some of our Foreign Service officers with special capacities into some of our large banking institutions in order that they may get the technical and detailed knowledge of certain banking and exchange procedure which is so essential in their work at certain posts.

It is the intention of the Department of State to intensify the use in this country of Foreign Service officers on leave for trade details. A Foreign Service officer who returns to this country on his triennial leave naturally wishes to have an opportunity to see his family and friends. This is right and proper. It is, however, important that he should take this opportunity also of becoming more familiar with the life of his own country and of renewing contacts in business and other circles. The detailed knowledge which he has gained of conditions at his post should be made available

to the business and agricultural interests in this country. It is, therefore, our intention to see that Foreign Service officers shall increasingly be made available through the Departments of Commerce and Agriculture to trade and other organizations desiring to have them appear before them.

It may be safely and conservatively said that there has never been a time in our history when there has been a greater need for intelligent, active, and well-considered protection of our foreign trade or for prompt and accurate information adequately interpreted to the end that the interests of the American Government and its people may be properly safeguarded. It should give you confidence that these problems confronting Government, business, and agriculture have been given careful thought in the responsible Departments in Washington. I have endeavored to give you a factual account of what Government is attempting to do. It is a very inadequate picture because it is obviously impossible within the limits of your patience to go into any detail. May I voice the confidence that the efforts of the Bureau of Foreign and Domestic Commerce of the Department of Commerce and of the Office of Foreign Agricultural Relations of the Department of Agriculture, implemented by the efforts of the Department of State and its Foreign Service—all combined in harmonious and efficient activity—will not only satisfy your needs and expectations in present emergency conditions but will provide a solid foundation upon which to build in the future. I can assure you that the Department of State, as are the other Departments, is alive to its grave responsibilities in the maintenance, protection, and improvement of the position of the United States in international trade and that it will earnestly and unswervingly strive to that end.

PERSONNEL CHANGES

[Released to the press October 14]

Changes in the Foreign Service of the United States since October 7:

North Winship, of Macon, Ga., counselor of embassy at Warsaw, Poland, has been designated counselor of legation at Pretoria, Union of South Africa.

Kenneth J. Yearn, of Washington, D. C., consul at Tientsin, China, has been assigned as consul at Swatow, China.

Albert H. Cousins, Jr., of Oregon, consul at Buenos Aires, Argentina, has been designated second secretary of legation and consul at Tegucigalpa, Honduras. Mr. Cousins will serve in dual capacity.

Glen W. Bruner, of Sterling, Colo., language

officer at Tokyo, Japan, has been assigned as vice consul at Kobe, Japan.

William E. Yuni, of Hoquiam, Wash., vice consul at Kobe, Japan, has been assigned as vice consul at Tientsin, China.

Clifford C. Taylor, of Virginia, Foreign Service officer, designated as agricultural attaché at London, England, has been designated agricultural attaché at Ottawa, Canada.

Paul G. Minneman, of Ohio, Foreign Service officer, designated as assistant agricultural attaché has been assigned to the Department of State and detailed to the Department of Agriculture.

Ben Zweig, of Illinois, vice consul at Tegucigalpa, Honduras, has been appointed vice consul at San José, Costa Rica.

Treaty Information

Compiled by the Treaty Division

ORGANIZATION

Protocol for the Amendment of the Preamble, of Articles 1, 4, and 5, and of the Annex to the Covenant of the League of Nations

Bulgaria

According to a circular letter from the League of Nations dated September 15, 1939, the ratification by Bulgaria of the Protocol for the Amendment of the Preamble, of Articles 1, 4, and 5, and of the Annex to the Covenant of the League of Nations, which was opened for signature at Geneva on September 30, 1938, was deposited with the Secretariat on September 1, 1939.

NATIONALITY

Convention With Finland Regulating Military Obligations in Certain Cases of Double Nationality (Treaty Series No. 953)

On October 7, 1939, the President proclaimed the Convention with Finland Regulating Military Obligations in Certain Cases of Double Nationality, which was signed on January 27, 1939, ratified by the United States on August 14, 1939, and by Finland on September 29, 1939, and which entered into effect on October 3, 1939, the date of the exchange of ratifications.

The convention provides that a person possessing the nationality of both the United States

and Finland, who habitually resides in one of the countries and who is in fact most closely connected with that country shall be exempt from all military obligations in the other country.

The convention with Finland is one of the series of treaties and conventions concluded pursuant to a joint resolution of Congress approved by the President May 28, 1928 (Kelly resolution), by which the President was requested to negotiate treaties with foreign countries, providing that persons born in the United States of foreign parentage and naturalized American citizens should not be held liable for military service or any other act of allegiance during a stay in the foreign country. In accordance with this resolution treaties or conventions also have been concluded and brought into force with 6 other countries as follows: Albania, signed in 1932; Czechoslovakia, signed in 1928; Lithuania, signed in 1937; Norway, signed in 1930; Sweden, signed in 1932; and Switzerland, signed in 1937.

Prior to the approval of the Kelly resolution, bilateral naturalization treaties or conventions were concluded between the United States and a number of other countries. Such instruments are now in force between the United States and the following countries: Belgium, 1868; Brazil, 1908; Bulgaria, 1923; Costa Rica, 1911; Denmark, 1872; Great Britain, 1870; Haiti, 1902 and 1903; Honduras, 1908; Nicaragua, 1908 and 1911; Norway, 1869; Peru, 1907; Portugal, 1908; El Salvador, 1908; Sweden, 1869; and Uruguay, 1908.

A multilateral agreement to which the United States is a party, having the same purpose as the treaties and conventions concluded pursuant to the Kelly resolution, is the protocol relating to military obligations in certain cases of double nationality, signed at The Hague on April 12, 1930. This protocol is in force among Australia, including the territories of Papua and Norfolk Island and the mandated territories of New Guinea and Nauru, Belgium, Brazil, Colombia, Cuba, Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the

League of Nations, India, the Netherlands, including Netherlands Indies, Surinam, and Curaçao, El Salvador, Sweden, the United States of America, and the Union of South Africa.

POSTAL

Universal Postal Convention of 1934

Bulgaria

The Egyptian Minister at Washington informed the Secretary of State by a note dated September 30, 1939, that the Bulgarian Government had deposited on August 10, 1939, with the Egyptian Ministry for Foreign Affairs its ratification of the Universal Postal Convention, together with the following acts, signed at Cairo on March 20, 1934:

Universal Postal Convention and Annexes
Arrangement Concerning Letters and Parcels of Declared Value, and Annexes
Arrangement Concerning Parcel Post, and Annexes
Arrangement Concerning Postal Money Orders, and Annexes
Arrangement Concerning Subscriptions to Newspapers and Periodicals, and Annex.

LABOR

Conventions of the International Labor Conference

Iraq

According to a despatch from the American Minister to Iraq, dated September 6, 1939, the Iraqi Government Gazette No. 36, of September 3, 1939, publishes a law ratifying the Convention (No. 42) Concerning Workmen's Compensation for Occupational Diseases (revised 1934) adopted by the International Labor Conference at its eighteenth session (Geneva, June 4-23, 1934).

Netherlands

According to a circular letter from the League of Nations dated September 15, 1939, the ratification by the Netherlands of the Con-

vention Concerning Workmen's Compensation for Occupational Diseases (revised 1934) adopted by the International Labor Office at its eighteenth session (Geneva, June 4-23, 1934), was registered with the Secretariat on September 1, 1939.

In consequence of the ratification of the above-named convention the Netherlands Government gave notice at the same time that it desires to denounce the Convention Concerning Workmen's Compensation for Occupational Diseases, adopted by the International Labor Conference at its seventh session in 1925. This

denunciation was registered with the Secretariat on September 1, 1939.

Publications

DEPARTMENT OF STATE

Military Mission: Agreement between the United States of America and Nicaragua.—Signed May 22, 1939; effective May 22, 1939. Executive Agreement Series No. 156. Publication 1379. 6 pp. 5¢.

Diplomatic List, October 1939. Publication 1385. ii, 83 pp. Subscription, \$1 a year; single copy, 10¢.

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